

No. 7/44/DPD

Jakarta, September 15, 2005

CIRCULAR LETTER
to
ALL COMMERCIAL BANKS
IN INDONESIA

Subject : Amendment to Circular Letter of Bank Indonesia No. 7/23/DPD concerning Restrictions on Rupiah Transactions and Foreign Currency Lending by Banks.

In reference to Bank Indonesia Regulation Number 7/14/PBI/2005 dated June 14, 2005, concerning Restrictions on Rupiah Transactions and Foreign Currency Lending by Banks (State Gazette of the Republic of Indonesia Number 50 of 2005, Supplement to the State Gazette of the Republic of Indonesia Number 4504) and with regard to efficiency of Rupiah Transactions with Foreign Parties and efficiency in obtaining complete supporting documents of Derivative Transaction for hedging purposes, it is deemed necessary to amend Circular Letter No. 7/23/DPD dated July 8, 2005, concerning Restrictions on Rupiah Transactions and Foreign Currency Lending by Banks as follows:

1. The provisions of number 5 letter b are amended to read as follows:
 - b. For receipt of a Rupiah Transfer by a Foreign Party as referred to in letter a in any amount greater than Rp 500,000,000.- (five hundred million rupiahs), whether in one transaction or several transactions for the same Foreign Party within one day, the Bank is required to have an underlying transaction for

that Rupiah Transfer with supporting documents from the Foreign Party, prescribed at least as follows:

- 1) For Rupiah Transfers for divestiture of Private Placement in Indonesia as referred to in item 5.a.1), evidence of sale of shares.
- 2) For Rupiah Transfers for sale of rupiah-denominated Securities by Foreign Parties, including sale of SBIs and sale of shares as referred to in item 5.a.2), confirmation of sale of the Securities, including but not limited to SWIFT message, Tested Telex, Tested Fax, and Reuters Monitor Dealing System (RMDS).
- 3) For Rupiah Transfers pertaining to dividend payments, evidence of share ownership and resolution of the General Meeting of Shareholders concerning payment of dividend. For Rupiah Transfers pertaining to coupon payments, evidence of ownership of the Securities.
- 4) For Rupiah Transfers pertaining to receipt of payment of Foreign Parties receivables in rupiahs, including receivables for debt restructuring purposes as referred to in item 5.a.3), evidence of loan agreement.
- 5) For Rupiah Transfers pertaining to sale of export bills of exchange by Foreign Party by means of L/C transaction in rupiahs as referred to in item 5.a.4), including but not limited to bill of exchange, invoice, or Bill of Lading (B/L);
- 6) For Rupiah Transfers for the purpose of sale of bill of exchange based on Domestic L/C as referred to in item 5.a.5), including but not limited to bill of exchange, invoice, or interisland B/L;
- 7) For Rupiah transfers for sale of goods and services in Indonesia, including receipt of income/salaries as referred to in item 5.a.6), evidence shall include but not limited to invoice for sale of goods and services or employment contract.

2. The provisions of number 8 letter d are amended to read as follows:

d. Derivative Transactions conducted by Foreign Parties for hedging purposes must be supported by an authenticated statement made by the Foreign Party concerned, with contents covering at least the following:

- 1) Name and identity of the Foreign Party;
- 2) Name of the Bank;
- 3) Amount of the Derivative Transaction conducted by the Foreign Party with the Bank for hedging of an underlying transaction.
- 4) Written declaration from the Foreign Party affirming that the hedging of ~~for~~ the underlying transaction is not being used as an underlying transaction for another Derivative Transaction, whether with the same Bank or another Bank.

The provisions in this Circular Letter shall come into force on September 15, 2005.

For the public to be informed, it is ordered that this Circular Letter be promulgated in the State Gazette of the Republic of Indonesia.

Kindly be informed.

BANK INDONESIA,

ASLIM TADJUDDIN
DEPUTY GOVERNOR